



Regency Furniture Stadium — Waldorf, Md.



Fluor Field at the West End — Greenville, S.C.

Ballpark Boom

New minor league stadiums spring up across the region

BY DAVID VAN DEN BERG

Minor League Baseball gives the game's future professional stars and some colorful characters the chance to perform in large and small cities around the Fifth District. So it may be no surprise that the District has experienced a boom in minor league stadium construction over the past few years.

The minor league teams market themselves as affordable entertainment for families. The pitch has proved successful, as more than 43 million fans attended games throughout Minor League Baseball during the 2008 season. Minor league teams are big business. Class AAA teams are valued starting at \$15 million, while class AA teams are valued starting at \$10 million, says Steve Densa, a spokesman for Minor League Baseball.

Teams operate in large and small cities at the Class AAA, AA, A, and Rookie league levels. In Class AAA, the highest level of Minor League Baseball, teams compete in three leagues: the Pacific Coast League, the International League, and the Mexican League. Teams in the Pacific Coast and International leagues have player development relationships with Major League Baseball clubs.

Of the 30 teams in the International and Pacific Coast leagues, 14 play in metropolitan areas that have at least one franchise in either Major League Baseball, the National Football League, the National Basketball Association, or the National Hockey League. Seven of those teams play in regions that have two or more franchises with teams in the four major professional leagues.

The Charlotte Knights, one of those seven minor league teams, are the Chicago White Sox's Class AAA team. They currently play in Charlotte's South Carolina suburbs but plan to move into the heart of the city.

Charlotte houses the National Football League's Panthers and the National Basketball Association's Bobcats. Smith College economics professor Andrew Zimbalist says he doesn't think the Knights compete much for fans with

the Panthers and Bobcats because the seasons don't overlap. However, that doesn't mean there's no competition among the teams at all. "What they do potentially compete over is corporate sponsorship dollars," he says.

There are cases of minor league teams at the Class AAA, AA, and A levels that play in regions with Major League Baseball teams. Liberty Media, owner of the Atlanta Braves and all but one of its minor league affiliates, has moved the Braves' AAA farm team from Richmond, Va., to Gwinnett County in suburban Atlanta. The former Richmond Braves are now the Gwinnett Braves. In Class AA, the Texas Rangers' affiliate plays in Frisco, a Dallas suburb. In Class A, the San Jose Giants are a farm team for the San Francisco Giants, while the Potomac Nationals, an affiliate of the Washington Nationals, play in Woodbridge, Va., a D.C. suburb.

The major league affiliation of minor league teams doesn't matter much to fans. "I think a lot of the fans from one year to the next are not necessarily sensitive to who the affiliate is," says Stan Brand, vice president of Minor League Baseball.

Major league teams can benefit from having their farm teams closer to home. Cross-promotional activities can occur when major and minor league teams are close together, Brand explains. Major league teams may be able to reduce personnel costs like training staff when their minor league affiliates are in the same metropolitan area, says J.C. Bradbury, an economist and health, physical education, and sports science professor at Kennesaw State University in Georgia.

To a certain extent, Minor League Baseball teams choose locations for the same reasons Major League Baseball teams do, says Bruce Johnson, an economics professor at Centre College in Danville, Ky. They want to be in the largest markets possible because that's where they can make the most money. The decisions local governments make about build-

ing and financing stadiums also factor into the equation.

Player development contracts govern the relationship between major league teams and their minor league affiliates. The contracts last two or four years. For the 2009 season, six teams at the class AAA level will have new major league parent clubs.

Minor league teams are subject to territorial rules, which creates opportunities for independent leagues, says Chris Allen, general manager of the Southern Maryland Blue Crabs in Waldorf, Md. There are seven independent leagues with teams in Mexico, Canada, and the United States. Many teams already play in suburban or exurban sections of regions with major league franchises, like the Atlantic League's Blue Crabs. "Minor League Baseball has to overlook a lot of great markets," he says.

Unlike affiliated teams, independent league teams have to pay their own players. The added expenses require teams like the Blue Crabs to be more careful in their calculations and projections, Allen says. The team follows a grassroots advertising approach as well. To attract fans, the team attends county fairs and similar events, and has their mascot stand on the corner by the stadium on game days with a sign touting that night's game.

The Professional Baseball Agreement governs the relationship between Major and Minor League Baseball. The first contract took effect in 1901, and the current version expires in 2014. Under the agreement, major league teams cover player payrolls for their minor league affiliates. Major league teams and their affiliates share some operating costs like bats and balls, Densa says. The minor league teams pay a ticket tax to Major League Baseball based on an attendance formula.

When the two sides negotiated the agreement in December 1990 that took effect in 1991, it included new requirements for minor league ballparks, including recommended seating capacities for stadiums at each classification, Brand says. The suggested seating capacity for Class AAA stadiums is at least 10,000 seats. One hundred nine teams have opened new stadiums since 1991, with seven more slated to open this year. "It's a much more pleasant experience for the fan than it probably was in 1991," Brand says.

If You Build It, What Will Come?

During Greensboro Grasshoppers games at NewBridge Bank Park, the team president's dog, "Miss Babe Ruth," delivers balls to the umpire and, on Thursday nights, fans gather for "Thirsty Thursdays" when beer costs as little as a dollar.



NewBridge Bank Park — Greensboro, N.C.



The "toast man," an avid fan at Appalachian Power Park — Charleston, W.Va.

Greensboro, N.C., is one of four cities in the Fifth District that has opened new minor league ballparks since 2005. NewBridge Bank Park has proven wildly successful for the Grasshoppers. More than 400,000 fans jammed the stadium in each of its four seasons. In its December 15 issue, *Baseball America* honored the team with its Bob Freitas award, which recognizes outstanding operations at each level of Minor League Baseball. "They've just knocked the lights out for four years in a row," says former Greensboro mayor Jim Melvin.

While the Grasshoppers have packed fans into their ballpark, it hasn't spurred much nearby development. Some adjacent properties are vacant, including the site of a former Chevrolet dealership. Donald Moore, the team's president and general manager, called the lack of development immediately around the stadium the sole disappointment for him since the ballpark opened, but said the downtown area itself has grown. "Six to eight years ago, on a weekend night, the last place you would ever think about going would be downtown Greensboro," he says.

Growth has come downtown, including a city park, with more planned. At the site of the F.W. Woolworth Building, work has started on the International Civil Rights Center & Museum. That's where four students from what's now known as North Carolina A&T University staged a 1960 sit-in that proved integral to the civil rights movement. Residents should have started moving into Center Pointe, a condominium development located in a former Wachovia office tower, says Roy Carroll, president of The Carroll Companies, the developer of the complex.

Major development has been proposed adjacent to the stadium. Steve and Jim Jones, whose family owns the now-vacant Chevrolet dealership, proposed a \$60 million to \$100 million complex called Bellemeade Village, according to a Greensboro *News & Record* report in May. The development would have included shops, offices, condos, and apartments. The brothers backed away from their plans in 2006.

Carroll said he has an option on that land now and owns other parcels adjacent to the stadium. He's planning 200 luxury apartments on most of the car dealer site, and retail on the remainder. That project will start once "banks decide to start lending money again," he says. Residential and

retail are planned for the other parcels he owns.

Residential and retail space are two of the “three Rs” of downtown development, with the other being restaurants, says Andrew Brod, director of the Center for Business and Economic Research at the University of North Carolina-Greensboro. The city had downtown restaurants before the stadium opened, but retail and residential space have been slow in coming to the city. Greensboro is a “city of suburban neighborhoods,” Brod says. “I don’t think it’s easy to attract business downtown.”

NewBridge Bank Park has been open for four seasons. David Hoggard, a member of the city’s parks and recreation commission and an opponent of the project who wanted the team’s previous ballpark renovated instead, says development’s been slow because “it’s a ballpark.”

“You would think the building would have happened during the excitement,” he adds. “Ballparks don’t spur anything.”

While Greensboro’s ballpark was built as a freestanding project, two other District cities plan to include their stadiums as part of larger developments. Construction has started on a ballpark in Winston-Salem, N.C., which will have mixed-use development attached. It had been expected to open at the start of the 2009 season but faces delays, according to a *Winston-Salem Journal* report. That’s because Billy Prim, an owner of the minor league Winston-Salem Dash, is negotiating to buy out his business partner.

The second phase of the project will turn adjoining land into a mix of uses, including offices and retail. Prim controls about 35 acres of land next to the ballpark. Including the stadium, the entire development is expected to cost about \$189 million. The city is contributing about \$12 million to the stadium, \$5.5 million of which came from the sale of the team’s prior home to Wake Forest University. Additional incentives will go to the development around the stadium.

Derwick Paige, a deputy city manager in Winston-Salem, says his city learned from Greensboro. It’s important that the ballpark developer control the land around it, he says. “I don’t think [the city] would have been involved were it not for phase two,” he says.

In Richmond, a developer is proposing a more than \$318 million complex in the Shockoe Bottom neighborhood east of downtown. The development would include a ballpark, retail, offices, and residential space. Taxes the project generates would be diverted to pay off the stadium construction cost.

Winston-Salem and Richmond are following a path Cleveland State University urban affairs professor and sports economist Mark Rosentraub advocates. “In more cases, these mixed-use developments have produced success,” he says. Rosentraub assisted on the Petco Park project in San Diego, which delivered a new stadium for Major League Baseball’s San Diego Padres and development around it. He cites another successful example of this approach: the Arena

District in Columbus, Ohio, where the National Hockey League’s Columbus Blue Jackets and the Class AAA Columbus Clippers baseball team play. “A sports facility is a very large capital asset,” Rosentraub says. “No one would buy or place a large capital asset in a specific location without a strategy.”

There are other ways to develop downtown areas than by stadiums, says Dennis Coates, an economics professor at the University of Maryland, Baltimore County. He mentioned a Habitat for Humanity development in downtown Baltimore, which has seen baseball and football stadiums constructed since 1992. “I think that revitalizes the neighborhood far better and at far less taxpayer expense,” he says.

There are numerous examples where promises about stadium-related development weren’t met, Coates says. And, he adds, that even if it’s done effectively, it isn’t clear that building a stadium is the right thing to do. “Wouldn’t it be better to have something anchoring development used 365 days a year?”

Typically, stadium advocates approach debates about subsidies by saying the venue will generate tax revenues and create new jobs, Coates says. There’s no evidence any of that happens, but that doesn’t mean the ideal stadium subsidy is necessarily zero. “What determines the effectiveness of the subsidies is whether the return on the subsidy is greater than the opportunity cost,” he says.

While Minor League Baseball has opened more than 100 stadiums since 1991, the big leagues have experienced a ballpark boom too. Since 1990, Major League Baseball — which has 30 teams — has opened 19 new ballparks. In the same time period, 17 National Football League teams started playing in new stadiums, and more than two-thirds of National Basketball Association teams moved into new arenas, according to an April 2008 article by Coates.

Over the last 20 years, the public has covered an average of 65 percent to 70 percent of major league stadium costs, Zimbalist of Smith College says. “The typical situation involves a lot of one-sided and exploitative arrangements,” he said. And the economic arguments against public investments in minor league stadiums are similar to those for major league stadiums. “The same general conclusion holds, which is a positive economic impact should not be anticipated,” he says.

Cities like Greensboro that have constructed minor league ballparks have done so in a volatile climate. Since the new stadium rules took effect, 93 of the 176 minor league baseball teams that charge admission for their games have relocated, compared to one major league team since 1973.

“Obviously movement is somewhat more frequent,” Brand says. “My guess is that over the last almost two decades, we’ve probably renovated or built 100 stadiums and spent jointly with our communities in excess of a billion dollars on these facilities.”

Richmond officials, who saw the Braves move, say the number of team relocations in minor league baseball doesn’t concern them when it comes to bringing a team back. “This

is going to be a locally owned team versus some outside major corporation,” says Carthan Currin III, the city’s economic development director.

Baseball is a key part of the city’s history, Currin says. A Richmond-led investor group hopes to bring a team back. If they do, the team will have to play temporarily in The Diamond. In the end, the stadium wasn’t a good enough home for baseball, Currin says. Attendance dropped at Richmond Braves games during the team’s final 10 seasons there. In the 2006 and 2007 seasons, the team averaged more than 330,000 fans, while the 2008 season drew about 290,000 fans. The 1999 season was the only one of the final 10 in which more than 500,000 fans attended games, according to Minor League Baseball figures.

Current plans call for the city of Richmond to donate about 11 acres of land for the potential new stadium in the Shockoe Bottom area. The city would also cover about \$8 million in infrastructure costs like utility relocations, says Peter Boisseau, a spokesman for the project. Revenues generated at the ballpark and the private development around it would be used to pay off the bonds. A deal hasn’t been reached on the ballpark project, but Currin says the city would not be on the hook for the bonds.

Shockoe Bottom is a great location for the stadium because of the restaurants around it, says David Wilkins, senior vice president with CB Richard Ellis in Richmond. If the city wants land redeveloped, it has to participate. “Without providing the land to the developer, in this environment, it would not be a viable project in my opinion,” he says.

To help make the Greensboro ballpark a reality, the Bryan Foundation acquired land for and constructed a 120,000-square-foot building for Guilford County’s social services offices. In exchange for the \$9.5 million building, the county traded the land the ballpark was ultimately built on and paid the foundation \$4.5 million, Melvin says.

The foundation borrowed \$10 million for the ballpark, and the team pays \$1.2 million a year in rent to service the loan. The team can buy the stadium at any time for what the foundation has invested in it. Moore says the team plans to do that within five years.

In South Carolina, the Greenville Drive ownership funded construction of its stadium and have paid for improvements to it since then, says Nancy Whitworth, the city’s economic development director. The city did buy the land for the ballpark from the school district and paid for some “streetscape” improvements to the property. The team makes a small lease payment to the city.

Fluor Field at the West End, Greenville’s ballpark, opened in 2006. The Drive is a Class A Boston Red Sox farm team. The community has responded favorably to the new team and stadium. According to the Drive’s Web site, the team averaged 4,784 fans a night in 2006, an increase of 178 percent from 2005. Development, including condos and restaurants, has sprouted around the ballpark too. “We’ve been trying to work toward the revitalization of this area

for 15 years at least,” Whitworth says.

Charleston, W.Va., and Waldorf, Md., joined Greenville and Greensboro as Fifth District cities to have opened minor league ballparks since 2005. In Charleston and Waldorf, local and state governments invested more directly in ballparks. The state of West Virginia provided about \$12 million of the more than \$20 million ballpark cost through a state economic development grant. Revenues from the legalization of video lottery machines funded the grant program. The Southern Maryland Blue Crabs, who play in the new Regency Furniture Stadium in Waldorf, paid a third of the ballpark’s \$26 million cost there, says Gary Hodge, a Charles County, Md., commissioner who supported the project. From day one, he said the ballpark was designed as a quality of life addition for the community. “We didn’t build this to make money,” he says. “The communal experience in the stadium was one of the best things the county has ever offered the public.”

Television and the Toast Man: Noneconomic Benefits of Stadiums

Sports teams represent a socially consumed commodity, writes University of Chicago economist Allen Sanderson, in “In Defense of Sports Stadiums, Ballparks and Arenas,” an article published in the *Marquette Sports Law Journal*.

Even if die-hard fans do not attend games, they can watch games on television, hear them on the radio, read about them, and discuss the team and its players with friends and co-workers. Sports, perhaps like recycling programs, could be considered an activity that does not pass benefit-costs tests on direct scrutiny but is socially efficient in a broader context, Sanderson writes.

“I would give stadium advocates more credit if they went down that line of argument,” says Frank Stephenson, an economics professor at Berry College in Georgia. “There’s some element of civic culture that comes with having a local sports team.” Stephenson adds that those benefits are likely smaller at the minor league level.

Economic research, using contingent value methods, has been conducted to try to measure these benefits. Bruce Johnson of Centre College in Kentucky has done some of that research. He worked with an economist to determine what people in Lexington, Ky., would pay for a new arena for the University of Kentucky basketball team and for a new minor league baseball stadium. For the basketball arena, community residents were asked about their attendance of Kentucky Wildcats basketball games, their fan loyalty, and the highest amount they would take out of their household budget to make the arena possible. Questions about the baseball stadium included the number of games the residents expected to attend, and whether they would support higher taxes to fund the ballpark.

“Whatever willingness there was to pay was almost entirely due to their interest in going to games,” Johnson says. “It’s not to say Minor League Baseball isn’t fun and a nice

continued on page 46

amenity for people to have who are interested in that sort of thing.”

Minor league sports don’t put cities on the map or make outsiders think of them as “major league cities.” They’re intensely local and don’t produce the public-good benefits that major league sports do, Johnson says. He’s worked with economists on similar research about the National Hockey League’s Pittsburgh Penguins and the National Football League’s Jacksonville Jaguars. But some subsidy could be justified for major league venues, he says. “The willingness to pay is always much much lower than the cost of a stadium.”

Appalachian Power Park in Charleston, W.Va., hasn’t delivered nearby economic development to the city. But the ballpark, which houses the South Atlantic League’s West Virginia Power, has still benefited the community, City Manager David Molgaard says. “The overriding benefits, at least to this point, have been intangible,” he notes. “It’s just

really become a gathering spot and the place to be in Charleston.”

Events other than Power games have come to Charleston and are planned there because of the stadium. It’s hosted the finals for the World’s Strongest Man competition, boxing matches, community events like Oktoberfest celebrations, and more.

Appalachian Power Park also houses one of Minor League Baseball’s colorful fans, the “toast man.” He’s Rod Blackstone, the assistant to the mayor. Blackstone is mentioned on multiple Web sites that offer reviews of ballparks. During Power games, Blackstone runs a toaster in the stands. When an opposing batter strikes out, he throws toast into the crowd to remind the player that he is, well, toast.

“He’s part of the local flavor for sure,” Molgaard says. “I tease him that we built the whole park around him and his toaster.” **RF**

READINGS

Graff, Laura. “Ballpark is Far From Ready.” *Winston-Salem Journal*, Jan. 18, 2009.

Johnson, Bruce K., and John C. Whitehead. “Value of Public Goods From Sports Stadiums: The CVM Approach.” *Contemporary Economic Policy*, January 2000, vol. 18, no. 1, pp. 48-58.

Johnson, Bruce K., Peter A. Groothuis, and John C. Whitehead. “The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach.” *Journal of Sports Economics*, February 2001, vol. 2, no. 1, pp. 6-21.

Johnson, Bruce K., Michael J. Mondello, and John C. Whitehead. “The Value of Public Goods Generated by a National Football League Team.” *Journal of Sport Management*, January 2007, vol. 21 no. 1, pp. 123-136.

Patterson, Donald W. “Bellemeade Parcel Has Potential Buyer.” *News & Record*, May 8, 2008.

Sanderson, Allen R. “In Defense of New Sports Stadiums, Ballparks and Arenas.” *Marquette Sports Law Journal*, 2000, vol. 10, no. 2, pp. 173-192.